

BP Plans to Claim a Tax Deduction for Costs Related to Oil Disaster
July 28, 2010

WASHINGTON, D.C. – Today, Congressman Charlie Melancon (LA-03) called on BP to pledge the estimated \$9.9 billion tax credit the company plans to take this year to coastal restoration projects in Louisiana. BP announced Tuesday that the company plans to deduct its losses due to the oil spill from its U.S. tax bill. Under U.S. corporate tax laws, companies can take credits on up to 35 percent of their losses in a given year.

In a letter to BP's managing director Robert Dudley, Congressman Melancon wrote, **"Today, I ask that BP show their commitment to the Gulf Coast by taking the almost \$10 billion in U.S. tax credits that your company is planning to claim, and devoting that money to coastal restoration projects in Louisiana."**

Rep. Melancon continued, **"Although you may believe that you have a legal right to claim these credits, this action does nothing but further hurt the name of your company and provoke anger and despair in the residents of Louisiana. Given that it is unclear as to how long our communities will be damaged by this disaster, it is only fair that BP make a long-term investment in bringing our coast back to life."**

Rep. Melancon concluded his letter by inviting Mr. Dudley to meet with him **"so that we may have the opportunity to discuss in person all of the issues I have raised with BP."**

[Click here](#) to read the full letter.

While BP is planning to use corporate tax law to decrease their U.S. tax liability, the Internal Revenue Service announced last month that Gulf residents who received disaster relief payments from BP will have to pay taxes on the compensation. To address this inequity, Congressman Melancon introduced the Oil Spill Tax Relief Act of 2010 to exempt families' BP oil disaster payments from federal taxes. His bill is modeled after legislation passed after the 9/11 terrorist attacks that exempted payments from the 9/11 Victims Compensation Fund from income taxes.

"There's something seriously wrong with our tax code when huge corporations like BP can write off the damages they caused, but the Louisiana families and businesses directly harmed by BP are nickel-and-dimed by the IRS," said Congressman Melancon. **"My bill will put Louisiana first, so that fishermen and other Gulf residents won't have to set aside part of their meager compensation payments for taxes. I'm calling on BP to do the right thing and devote their tax refund to restoring the Louisiana coastline wrecked by their mistakes."**

[Click here](#) to read the Oil Spill Tax Relief Act of 2010.

Congressman Melancon represents in Congress the areas of coastal Louisiana most directly affected by the oil leak, including Plaquemines, St. Bernard, Terrebonne, Lafourche, St. Mary and southern Jefferson Parishes. The Deepwater Horizon platform was located 50 miles off the

coast of Louisiana's Third Congressional District.

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